



Addendum 1

August 20, 2015

Re: RFP 16-16E Audit

TO: All Prospective Offeror(s):

This addendum is issued in response to questions from a prospective Offeror:

RFP Section	Question
Page 5 of 38, Section I – Introduction	Is the City requesting an Audit Opinion under AICPA Professional Standards or a more broad definition of an “audit” as performed by consulting firms that “audit” claims? This affects scope, professional standards, working papers, peer review requirements, education requirements, etc. City’s response: No, we are not seeking an audit opinion as defined by the professional standards. From our perspective, we consider this to be an Agreed-Upon Procedures engagement.
Page 5 of 38, Section II	What is the volume of prescription claims originated by the subscribers and the members monthly and annually? This affects volume, scope and pricing. City’s response: The volume of scripts is approximately as follows: 4,666 scripts monthly and 56,000 scripts annually.
	Does this contract cover the former contract with Anthem and the new contract with OptumRX or is it for OptumRX only? City’s response: This contract is covering the OptumRX’s contract period of August 1, 2015 through July 31, 2016.
	Do you have a contract in place with the PBM to allow outside auditors access to all data? Will the PBM provide it electronically in a secure PHI and PII compliant HIPAA

	environment or will work need to be conducted on site at the PBM? Where is the PBM located? City's response: We have entered into a contract with OptumRx effective August 1, 2015. The contract allows for an audit once each calendar year and a monthly review of claims pricing. PBM will provide the data files electronically in a secure environment. It is not anticipated that any work will need to be performed on site. The PBM is located in Irvine, California.
Page 5 of 38, Section III – Scope of Services	Can you confirm is the City's expectation is that the claims pricing described in subparagraph C. 1. will be audited monthly as received and processed? Or with the monthly claims be accumulated and audited annually? City's Response: Yes, the claims pricing review by the Offeror will be performed on a monthly basis. The PBM will provide an electronic file of prescription claim data to the City and/or Offeror on a monthly basis.
	Paragraph A – which periods are covered by this contract once awarded? City's response: The first contract period will likely run from September 1, 2015 through October 31, 2016. The plan's fiscal year is from August 1, 2015 through July 31, 2016.
	Is electronic reviews of the claims – pricing and coverage – with exceptions or outliers reviewed manually an adequate technical plan or would you prefer manual review of all claims for pricing and plan design. City's response: Yes, it is contemplated that claims pricing, plan design accuracy review, and drug pricing guarantee review will be performed by electronic reviews of data files and any exceptions would be handled manually on a case-by-case basis.
	What type of pricing arrangement do you have with the PBM? Lock in or pass through? City's response: We have AWP and MAC pricing with PBM.
	What are the acronyms AWP and MAC in paragraph D (1) (a) (2) City's response: AWP means the average wholesale price as

	reflected in the pricing source of a prescription drug. MAC means the maximum allowable cost of a prescription drug.
	What procedures or controls does the City have over PBM reporting of rebates, etc.? .? PBM has contractual responsibilities for reporting and paying rebates by specific dates.
Page 6 of 38, Section IV – Cost	Where should travel costs for travel to the City or to the PBM be identified in Appendix A? How will the travel be reimbursed? City's response: It is anticipated that Offeror will conduct all work under this contract by reviewing electronic data files at Offeror's location.
	Is the City eligible for federal GSA pricing? City's response: The City is eligible to use federal contracts under Schedule 70.
Page 11 of 38	Will unaudited, independently compiled financial statements be sufficient for item 2.k? City's response: Yes, unaudited, independently compiled financial statements will meet the requirement for Offeror's current financial condition.
	Paragraph 4 – Please confirm that although you are requesting a price build up in Appendix A, the contract will be FFP as stated in paragraph 4? Will this include the travel costs and they will not need to be separately invoiced? City's response: The contract will be a firm fixed price which will not exceed the total price in your proposal. It is anticipated that all work will be performed at Offeror's location. To the extent that you anticipate any travel costs, you will need to incorporate this into the price of your services.
FORMS	Where do the Forms on page 32-35 need to be included in the proposal? City's Response: There is no particular placing as long as they are returned with your submittal.
	Is the agreement on Page 23 supposed to be executed by us to include in the proposal? City's response: No, this is a sample



	contract that will be executed with the successful Offeror.
Page 10 of 38	Is there a limitation on the length of the resumes City's response: No, there is no limitation on the length of the resumes.
P 10, 1.e:	<i>Other Documentation:</i> Could you provide examples of the type of materials or information that you would like in response to "other available documentation to verify Offeror's experience?" City's Response: Any additional info you can provide, if available, that you can submit to further enhance your experience over and above that which will be provided in the proposal.
P 13, C: Proprietary Information, #3:	The instructions state to include all proprietary information in a separate envelope. It is our understanding then that we would provide an original and four copies of our proposal (with proprietary information removed) and an original and four copies of proprietary information. Since there is the potential to have proprietary sections throughout our proposal, would you allow the submission of the complete original and complete copies (with proprietary information marked) and one redacted version (containing no proprietary information; for public. City's Response: Your confidential/proprietary info must not be comingled throughout the proposals. This info, as well as pricing, can be placed in the original copy only which will be maintained and secured by Procurement.

All other requirements remain unchanged.

This concludes the Q & A period which ended 8/19/15.

Yours truly,

Nevador Evans

Nevador Evans, CPPB
Buyer